

October 9, 2020

To the Board of Education and
Mr. Michael B. Vanyo
Assistant Superintendent for Business and Operations
Pocantico Hills Central School District
599 Bedford Road
Sleepy Hollow, New York 10591

In planning and performing our audit of the financial statements of the governmental activities, each major fund and the fiduciary funds of the Pocantico Hills Central School District as of and for the fiscal year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered Pocantico Hills Central School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pocantico Hills Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Pocantico Hills Central School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

However during our audit we became aware of other matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The recommendations that accompany this letter summarize our comments and suggestions concerning those matters.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

CASH MANAGEMENT

Old Outstanding Checks

During our audit, we noted old outstanding checks for more than one year are being carried on the monthly bank reconciliations. We recommend that old outstanding checks be investigated and removed from the bank reconciliation and the accounting records be adjusted accordingly.

PAYROLL

IRS 941 Reconciliations

During our audit, we noted that the District does not complete an IRS 941 reconciliation quarterly. We recommend that the District reconcile the quarterly IRS 941 forms to the expenditure ledger on a quarterly basis to ensure that payroll expenses on the District's books are properly coded and reported properly on the quarterly payroll tax filings.

SCHOOL LUNCH FUND

Negative Adult Balances

During our audit, we noted several adults had unpaid school lunch account balances. Adults should be paying for their meals at the time of service or setting up pre-paid accounts. We recommend the District establish a no charge policy for adult meals.

FUND BALANCE MANAGEMENT

Fund Balance – Unassigned

During our audit, we noted the District's unassigned fund balance exceeded 4% of the 2019-2020 budget. NYS Real Property Tax Law 1318 limits the amount of unassigned fund balance in the general fund to an amount not greater than 4% of the District's budget for the ensuing fiscal year. It is noted the District is aware and has taken this step so as to ensure that they are able to address the unique educational needs of students due to the COVID-19 crisis. We recommend the District monitor its fund balance more closely to ensure compliance with NYS Real Property Tax Law 1318.

STATUS OF PRIOR YEAR RECOMMENDATIONS

DUE TO OTHER GOVERNMENTS

Old Outstanding Balances

FINDING: During our prior year audit, we noted the District has a liability on their books that relates to the 2015/2016 year. We recommended the District review this payable for its validity and determine if this amount should be written off.

STATUS: **Implemented.**

EXTRACLASSROOM ACTIVITIES

Cash Disbursements

FINDING: During our prior year audit, we noted that in 6 out of 6 payments tested, the voucher package was not properly cancelled. We recommended the District stamp invoices "paid" to avoid potential duplicate payment.

STATUS: **Implemented.**

PAYROLL

Payroll Change Report

FINDING: During our prior year audit, we noted a responsible official did not periodically review the *Payroll Change Report* from Finance Manager. We recommended the District implement procedures to review the *Payroll Change Report* to assure that payroll changes were being properly authorized and input correctly.

STATUS: **Implemented.**

Timesheets

FINDING: During our prior year audit, we noted that there was no review of the manual input of timesheets for hours worked by employees. We recommended the District implement procedures to review the manual input of timesheets to ensure that hours worked by employees were input correctly.

STATUS: **Implemented.**

Payroll Observation

FINDING: During our prior year audit, we noted that the payroll clerk performs the payroll observation. We recommended the payroll observation be performed by an individual independent of the payroll process.

STATUS: **Due to COVID-19 a payroll observation was not performed by the District. As such, the above finding will be reviewed in the 2020-2021 year for implementation.**

IRS 941 Reconciliations

FINDING: During our prior year audit, we noted that the District does not complete an IRS 941 reconciliation quarterly. We recommended that the District reconcile the quarterly IRS 941 forms to the expenditure ledger on a quarterly basis to ensure that payroll expenses on the District's books are properly coded and reported properly on the quarterly payroll tax filings.

STATUS: **Not Implemented.**

SCHOOL LUNCH FUND

Negative Adult Balances

FINDING: During our prior year audit, we noted several adults had unpaid school lunch account balances. Adults should be paying for their meals at the time of service or setting up pre-paid accounts. We recommended the District establish a no charge policy for adult meals.

STATUS: Not Implemented.

FUND BALANCE MANAGEMENT

Fund Balance – Unassigned

FINDING: During our prior year audit, we noted the District's unassigned fund balance exceeded 4% of the 2019-2020 budget. NYS Real Property Tax Law 1318 limits the amount of unassigned fund balance in the general fund to an amount not greater than 4% of the District's budget for the ensuing fiscal year. We recommended the District monitor its fund balance more closely to ensure compliance with NYS Real Property Tax Law 1318.

STATUS: Not Implemented.

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We would like to acknowledge the courtesy and assistance extended to us by personnel of the District during the audit. Should you have any questions concerning the matters referred to in this letter, we shall be pleased to discuss them with you, at your convenience.

This communication is intended solely for the information and use of the Board of Education, the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

R. S. Abrams & Co., LLP

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Islandia, NY

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